

Muncie Community Schools

May 1, 2017



Distressed Unit Appeal Board (DUAB)

- Voting Members
 - Micah Vincent, Chair Office of Management and Budget Director
 - Courtney Schaafsma Department of Local Government Finance Commissioner
 - Paul Joyce State Examiner, State Board of Accounts
 - Kent Hatcher Superintendent of Public Instruction Designee
 - Governor's Appointee



Distressed Unit Appeal Board (DUAB)

- Advisory Non-Voting Members
 - Representative Milo Smith Speaker of the House of Representatives Appointee
 - Senate President Pro Tempore Appointee
 - Appointee of the Minority Leader
 - Senate Minority Leader in Odd-Numbered Years
 - House of Representatives Minority Leader in Even-Numbered Years



Senate Enrolled Act 567



Senate Enrolled Act 567

- Signed by Governor Holcomb on April 28, 2017.
- Adds Indiana Code 6-1.1-20.3-7.1.
 - Specific to Muncie Community Schools.
 - Effective upon passage.
- Muncie Community Schools designated as a fiscally impaired school corporation.
 - Designation expires January 1, 2018.



Emergency Manager

- DUAB shall appoint an emergency manager for Muncie Community Schools.
 - DUAB determines and pays the emergency manager's compensation.



Emergency Manager

- DUAB may appoint the superintendent of Muncie Community Schools as the emergency manager on a temporary basis.
 - May not continue for more than 6 months.
 - The superintendent may be considered for the permanent emergency manager position.



- Shall take actions to implement the deficit reduction plan that was presented on April 17, 2017.
- Shall work with the school board and superintendent to:
 - Achieve financial stability.
 - Provide for payment of outstanding debt obligations and anticipated future debt obligations.
 - Align personnel and facilities with anticipated revenues and enrollment.



- May negotiate and enter into labor contracts and collective bargaining agreements.
- Shall review existing labor contracts and collective bargaining agreements.
 - May attempt to renegotiate such labor contracts and collective bargaining agreements.



- May do any of the following:
 - Set salaries and other compensation of school corporation employees.
 - Identify and implement labor force reductions.
 - Outsource services performed by school corporation employees.
- These actions are subject to applicable labor contracts and collective bargaining agreements.



- May do any of the following:
 - Close facilities of the school corporation.
 - Sell, transfer, or lease property of the school corporation.
 - If selling real property, local governments within the school district or higher education institutions in Indiana shall be given 30 days right to make an offer to purchase.
 - Ball State University shall have the right of first refusal for any property sold, transferred or leased.
 - Emergency manager determines whether to accept an offer and negotiates the terms and conditions of the sale of real property.



- Must approve the following actions:
 - Acquiring real property.
 - Constructing or remodeling or renovating existing buildings.
 - Incurring a contractual obligation of more than \$30,000.
 - Purchasing or entering into an agreement to purchase personal property at a cost of more than \$30,000.



- Must approve the following actions:
 - Making, approving, or disapproving the following:
 - A loan.
 - The creation of any new position.
 - The filling of any vacant position.



- Shall submit a written report to DUAB and the school board each month concerning:
 - Actions taken by the emergency manager and the school corporation.
 - Expenditures made by the school corporation.
 - The progress that has been made toward achieving financial stability for the school corporation.



- Muncie Community Schools' designation as a fiscally impaired school corporation terminates on January 1, 2018.
- Not later than December 1, 2017, DUAB shall hold a public hearing to determine if the school corporation should be designated as a distressed political subdivision effective January 1, 2018.



- After the public hearing, DUAB shall do one of the following:
 - Adopt a resolution providing that the school corporation will not be designated as a political subdivision, if DUAB finds that:
 - The school corporation has developed and is implementing a deficit reduction plan.
 - The action taken by the school corporation to implement the deficit reduction plan have resulted in progress toward achieving financial stability for the school corporation.
 - It is in the best interest of the students, community, the school corporation and its employees to not designate the school corporation as a distressed political subdivision.



- After the public hearing, DUAB shall do one of the following:
 - Adopt a resolution designating the school corporation as a distressed political subdivision effective January 1, 2018.



- If not designated as a distressed political subdivision, the position of the emergency manager is termination on January 1, 2018.
- If designated as a distressed political subdivision, the emergency manager assumes all powers, authority and responsibilities granted to emergency managers of school corporations.



Impact on Referendums

- While designated as a fiscally impaired school corporation or a distressed political subdivision,
 - The school corporation may approve a controlled project that requires either a referendum or petition/remonstrative only if the project is first approved by the emergency manager.
 - The school corporation may pursue an operating referendum only if first approved by the emergency manager.



Next Steps



Request for Information

- DUAB will be issuing a Request for Information (RFI) to solicit interested candidates for the role of emergency manager.
 - Anticipated timeline:
 - By May 5 Post RFI
 - By June 1 Receive responses
 - By June 20 Interview selected candidates
 - By June 30 Select emergency manager



DUAB Expectations

- The emergency manager may be an individual or a team of people.
- The emergency manager must have extensive knowledge in:
 - School fiscal management, including debt management.
 - Employee relations.
 - Academic programming.
 - Capital planning.
 - Indiana property taxation.



DUAB Expectations

- The emergency manager will be present at Muncie Community Schools on a nearcontinual basis.
- The emergency manager will solicit feedback and involvement from the Muncie community.
- The emergency manager will work to ensure Muncie Community Schools has the administrative infrastructure to achieve financial stability.



Ongoing Monitoring

- July November
 - The emergency manager will be in regular contact with DUAB.
 - As needed, DUAB will convene a meeting and request the emergency manager present on current actions.
 - DUAB will continue to work with stakeholders to solicit feedback on the process and progress being made.



Termination Decision

- No later than December 1, DUAB will hold a public hearing in Muncie to gather public input on the progress the emergency manager has made toward achieving financial stability for the school corporation.
- By December 31, DUAB will make the decision on whether or not to declare Muncie Community Schools as a distressed political subdivision.

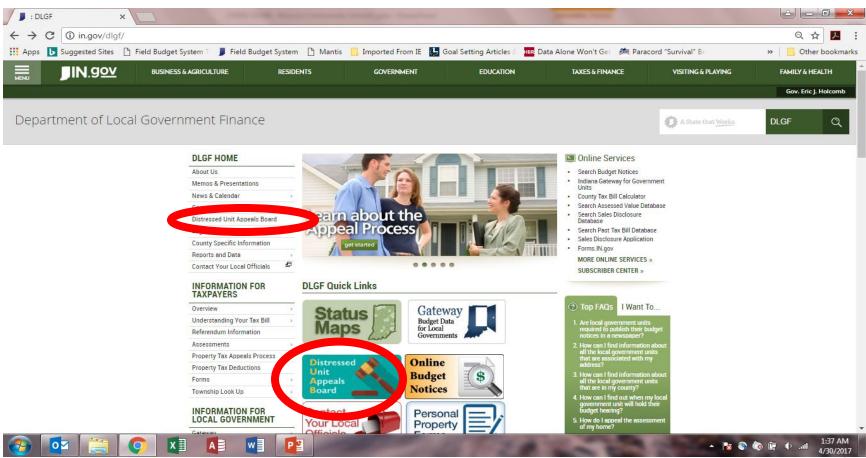


Public Resources



DUAB Webpage

http://in.gov/dlgf/7175.htm



DUAB Webpage

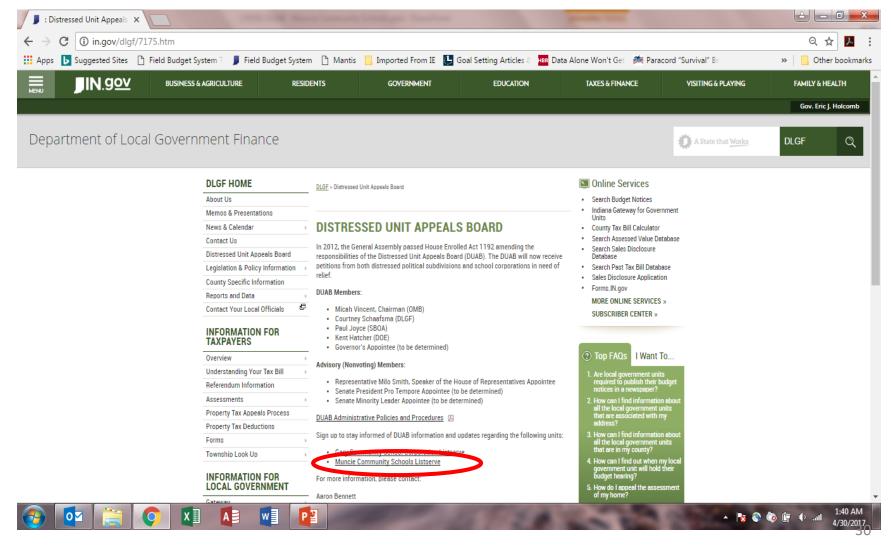
- Notice of DUAB Meetings
- Agendas for DUAB Meetings
- Minutes from DUAB Meetings
- Monthly Report Submitted by Emergency Manager
- Other Information as Needed



- Sign up for the DUAB Listserv for Muncie Community Schools to get notification of future meetings and other important information delivered to your inbox.
- Sign up sheets here today.



DUAB Listserv





Plan for Tonight's Meeting



Prepared Comments

- Superintendent (15 min)
- School Board Members (15 min)
- Muncie Teachers Association (10 min)
- Area legislators (15 min)
- Mayor of Muncie (10 min)
- Public Comment



Public Comment

- Sign up if you would like to speak.
- You will be called in order of signing up.
- Each speaker gets one turn.
- At the start of your comments, provide your name, address and affiliation.
- Each speaker will have 2 minutes and will be asked to stop at end of 2 minutes.
- If others have already made the comments you planned to make, please just indicate your agreement with the previous speaker. Please do not restate comments that have already been made.



 Written comments can also be submitted to DUAB.

 Above all else, please be respectful of all in your comments.